



REQUEST FOR PROPOSAL

FOR

***COMPREHENSIVE USER FEE STUDY, FULL
COST ALLOCATION PLAN, AND OPTIONAL
DEVELOPMENT IMPACT FEE STUDY***

***PROPOSALS MUST BE RECEIVED
NO LATER THAN
4:00 PM, February 2, 2024***

SEND PROPOSALS TO:
Ashton Gose
Executive Assistant/City Clerk
City of Hughson
7018 Pine Street | PO Box 9
Hughson, California 95326

CITY OF HUGHSON

COMPREHENSIVE USER FEE STUDY & COST ALLOCATION PLAN FOR THE CITY OF HUGHSON
REQUEST FOR PROPOSALS

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INTRODUCTION

The City of Hughson is requesting sealed proposals from qualified firms to provide a comprehensive fee study, full cost allocation plan, and optional development impact fee study. The objective of the RFP is to receive proposals for reviewing and updating the fees for services charged by the City and to provide a full cost allocation plan for every City department with overhead calculations for cost recovery.

The deadline for submitting proposals is **February 2, 2024**. Late proposals will not be accepted.

Proposal packages shall be marked on the outside:

“PROPOSAL FOR COMPREHENSIVE USER FEE STUDY & COST ALLOCATION PLAN”

The original signed proposal and four (4) copies are to be submitted in sealed packages with the name of the Consultant and the words *Proposal for Comprehensive User Fee Study & Cost Allocation Plan* clearly marked on the outside of the package. The proposal must be responsive to the City’s request. The City shall determine the most responsive and qualified consultant providing the best service at the most reasonable cost. Cost alone shall not be the determinative factor.

The request for proposals does not oblige the City to award a contract or complete the project and the City reserves the right to cancel the solicitation if deemed in its best interest. There is no expressed or implied obligation for the City to reimburse respondents for any expenses incurred in preparing proposals in response to this Request for Proposals (RFP), including any expenses incurred due to participation in this RFP process.

The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that firm is ultimately selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the subsequent contract between the City and the firm selected.

The City wishes to negotiate a fixed price contract with a “not to exceed” dollar total based on a clearly defined scope of work. There will be two not to exceed dollar total, one for the Comprehensive User Fee Study and one for the Cost Allocation Plan.

BACKGROUND

The City of Hughson is a general law city which operates under the Council-Manager form of government. Incorporated in 1972, the current population of the City of Hughson is approximately 7,500. It is the smallest city in Stanislaus County, however, its

desirable geographic location in the Central Valley has brought recent growth to the area. Law Enforcement Services are provided through a contract with the Stanislaus County Sheriff's Department and Fire Services are provided by Hughson Fire Protection District.

The City provides water and sewer services to residential and commercial customers. In addition, the City provides refuse collection services through a contract with a waste management company. Currently, the City has 21 Full-Time Employees (FTE) and 1 Part-Time Employee. The primary revenue sources for the General Fund are property and sales tax. As the City continues to grow, there will be a need to assess staffing levels to ensure an adequate balance with service levels. It is presumed the Full Cost Allocation Plan will be a valuable tool for developing a Master Fee Schedule in which cost recovery will assist in proper staffing throughout the organization.

The City would like to take a holistic look at its development-related fee structures across all departments to right-size their relative amounts and ensure fees reflect their cost of service and impact. The Cost Allocation and User Fee Study will calculate the full cost of providing certain city services and provide a recommended fee to be charged for each applicable service. The Consultant shall recommend cost recovery strategies and identify best practices in establishing development processing fees. These strategies should take into consideration the complexities and demands of each department and program. The selected Consultant will conduct a thorough analysis of existing fees, develop fee models and recommendations, and identify and recommend new fees and revenue sources. It is the goal of the City to have a well-documented and defensible plan that will establish rates for recovering billable costs for services with consideration to the compliance requirements under all applicable statutory requirements.

OBJECTIVE

The objective of the RFP is to receive proposals for a Comprehensive Fee Study and Full Cost Allocation Plan that includes reviewing and updating all fees and charges for services in addition to recommending additional fees, with a goal for cost recovery. The Comprehensive Fee Study will serve as the basis for a planned Master Fee Schedule. Additionally, consultants are invited to provide an "add-on" proposal for a Development Impact Fee Study to review and recommend updates to the City's development impact fees.

SCOPE OF WORK

There is a separate scope of work for each of the studies. Consultants may submit proposals for one or all parts of the scope of services listed below. Consultants may also propose using sub-consultants for part of the work. If the firm feels that additional tasks are warranted, they must be clearly identified in the firm's proposal. Firms responding to this RFP shall be prepared to deliver services and perform the work necessary according to the outlines schedule unless mutually agreed upon. Subject to further

discussion with the selected firm(s), the City anticipates that the scope of work on this assignment may include some or all of the following services:

COST ALLOCATION PLAN

The purpose of this project is to ensure that the City has a basis of applying comprehensive overhead rates and is accurately accounting for the true cost of providing various services by each department. A Full Cost Allocation Plan allocates all indirect costs. Additionally, best practices, accounting standards and OMB 2 CFR Part 225 make it necessary for the City to maintain a well-documented cost allocation plan to appropriately allocate general and administrative costs in its budget; properly identify overhead rates that can be used in the calculation of billable hourly rates for federal and state grants, user fees, and reimbursements from other governmental agencies. The results from the Full Cost Allocation Plan will be used to develop the Comprehensive User Fee Study. Consultants will be expected to fulfill the following requirements:

1. Work and meet with selected City staff to refine the project scope, purpose, uses and goals of the City's Full Cost Allocation Plan to ensure that the study will be both accurate and appropriate to the City's needs.
2. Meet with staff and conduct interviews as needed to gain understanding of the City's processes and operations. This includes where certain services and functions are performed together or shared through cooperation between different departments. Cost should be identified so that they can be allocated to and tracked by the appropriate department.
3. Outline in detail what contribution is needed from City staff and what the firm's contribution will be in developing the Cost Allocation Plan.
4. Identify the total cost of providing each City service at the appropriate activity level and in a manner consistent with all applicable laws, statutes, best practices, rules, and regulations governing the collection of fees, rates, and charges by public entities.
5. Develop a Full Cost Allocation Model using the 2023/24 budget and/or actual data for calculating the full cost of providing each City service. The requirements of the model should allow for:
 - a. Additions, revisions, or removal of direct and overhead costs so that the full cost allocation plan can be easily adapted to a range of activities, both simple and complex.
 - b. The ability of the City to continuously update the model and full cost allocation plan from year to year as the organization changes
 - c. The addition of hypothetical service area information for future service enhancements, and the ability to calculate the estimated costs of providing the service under consideration (i.e., ad-hoc analysis).
6. Report on other matters that come to your attention during the course of your evaluation that, in your professional opinion, the City should consider.
7. Present the Plan to the City's management group and make necessary adjustments as requested.

8. Prepare and deliver presentations to the City Council to facilitate their understanding of the plan and its' implications for the City.
9. Work with the Finance Department in developing service provisions, cost categories, and allocation criteria for current and future programs.
10. Provide the City with an electronic copy of the final comprehensive review including related schedules and cost documentation in a format such as Microsoft Word and Microsoft Excel. These schedules and cost documents need to be in a format that allows the City staff to edit and update to accommodate changes in the organization or changes in costs.
11. Prepare a final report and provide five bound copies, one unbound copy, and a single Microsoft Excel and PDF file of the Full Cost Recovery Plan. Models, tables, and graphs should be provided in the Microsoft Excel format. Any Cost Allocation Model revisions developed shall also be made available to the City in Microsoft Excel and PDF formats. These models should be in a format that allows the City's staff to be able to add, delete, and/or update the information as needed.
12. Provide a computer-based model in Microsoft Excel for adjusting these fees and charges for the City's current and future needs and provide the City with an electronic copy of the final comprehensive study.
13. Consult with the City staff should the need arise to defend the cost allocation plan as a result of audits or other challenges.

COMPREHENSIVE USER FEE STUDY

Prepare a Comprehensive User Fee Study to refine the project scope, purpose, uses and goals of the City's Comprehensive User Fee Study to ensure that the study will both be accurate and appropriate to the City's needs. Review project schedule and answer any questions pertaining to the successful development of the study.

1. Work and meet with City staff refine the project scope, purpose, uses and goals of the City's Comprehensive User Fee Study to ensure that the study will be both accurate and appropriate to the City's needs. Review project schedule and answer any questions pertaining to the successful development of the study.
2. Meet with staff and conduct interviews as needed to gain an understanding of the City's processes and operations. Conduct a comprehensive review of the City's existing fees, rates, and charges.
3. Outline in detail what contribution is needed from City staff and what the firm's contribution will be in developing the Comprehensive User Fee Study.
4. Identify the total cost of providing each City service at the appropriate activity level and in a manner that is consistent with all applicable laws, statues, rules and regulations governing the collection of fees, rates, and charges by public entities including, but not limited to, Propositions 26 and Proposition 218. In calculating the full cost of user fees, the Contractor needs to generate from a "bottom-up" approach. This approach will:
 - a. Ensure that all personnel time by department, division, etc. is identified and accounted for;
 - b. Ensure that all costs are included in the study, user fee related or not;

- c. Include checks & balances to ensure all personnel time and associated costs are captured and distributed accurately, not just on a high-level percentage basis;
 - d. Ensure transparency with a clear and easily understandable identification of all time and associated costs for all department personnel, services, and activities.
5. Compare service costs with existing recovery levels. This should include any service areas where the City is currently charging for services, as well as areas where perhaps the City should charge, in light of the City's practices, or the practices of similar or neighboring cities.
6. Consultant shall evaluate the existing process for services that are billed a deposit to be charged against for "actual cost" incurred. (For example, what is the appropriate amount of deposit to be collected up front, and, at what point should additional deposit be requested?)
7. The contractor will include a comparative survey of at least eight (8) cities. During consultation with the City the eight (8) cities will be selected. During consultation with the City the fees to be used for the comparative survey will be selected.
8. Recommend potential new fees and charges for services that the City currently provides but does not charge fees. Recommendations should be based on practices of surrounding cities that are charging for similar services, industry best practices, or the consultant's professional opinion.
9. Recommend appropriate fees and charges based on the firm's analysis together with the appropriate subsidy percentage for those fees where full cost recovery may be unrealistic.
10. Prepare a report that identifies each fee for service, its full cost, recommended and current cost recovery levels. The report should identify the direct cost, the indirect cost, and the overhead for each service.
11. Prepare a report that identifies the present fees, recommended fees, percentage change, cost recovery percentage, revenue impact and fee comparison with other Stanislaus County cities or other California cities that are comparable to the City of Hughson. A survey comparison of rates and fees with similar cities is required.
12. Report on other matters that come to the Consultant's attention in the course of the evaluation that, in the Consultant's professional opinion, the City should consider.
13. Provide a computer-based model in Microsoft Excel for adjusting these fees and charges for the City's current and future needs and provide the city with an electronic copy of the final comprehensive study, including related schedules and cost documentation in a format that can be edited and updated by the City staff to accommodate changes in the organization or changes in costs. The requirements of the model should allow for:
 - a. Additions, revisions, or removal of direct and overhead costs so that the full cost allocation plan can be easily adapted to a range of activities, both simple and complex.
 - b. The ability of the City to continuously update the model and full cost allocation plan from year to year as the organization changes.

- c. The addition of hypothetical service area information for future service enhancements, and the ability to calculate the estimated costs of providing the service under consideration (i.e., ad-hoc analysis).
14. Prepare and deliver presentations to the City Council to facilitate their understanding of the plan and its implications for the City and make necessary adjustments as requested.
15. Provide on-site training to enable staff to update fees on an annual basis.
16. Prepare a final fee study report and provide five bound copies, one unbound copy, and a single Microsoft Excel and PDF file of the User Fee Study that can be made available to the City staff. Models, tables, and graphs should also be provided in Microsoft Excel. Any Master Fee Schedule revisions developed shall also be made available to the City in Microsoft Excel and PDF format, providing the ability to add or delete and/or update information as needed.
17. Consult with the City staff should it become necessary to defend the City's Comprehensive User Fees as a result of any legal or other challenge.

COMPENSATION

The City of Hughson will negotiate a contract with the selected Consultant for all services rendered as described in the Scope of the Work, including all labor, equipment, materials, and expenses, the Consultant shall be compensated on a percent complete basis by task for work completed on a "fixed fee, not to exceed basis."

WRITTEN PROPOSAL REQUIREMENTS

To be considered, the prospective engineering consultants shall submit a written proposal to the City of Hughson. Incomplete or unclear information may result in rejection of proposals. Written proposals should include the following:

(Total Evaluation Score = 100)

- a. Cover Letter
- b. Project Understanding and Firm Qualifications:
 - Describe qualifications and relevant experience. Describe familiarity of Federal, State and local regulatory requirements that would be associated with this type of project.
(20% of Total Evaluation Score)
- c. Project Personnel:
 - Provide background information for key personnel (project manager, engineers, etc.) that would be involved in the project. Present availability of key members to be involved in the project and include a clear organizational chart of personnel.
(20% of Total Evaluation Score)

- d. Comparable Project Experience:
- Describe comparable work done by the firm. Provide a minimum of three (3) references, including names, titles, and phone numbers. **(20% of Total Evaluation Score)**
- e. Scope of Work Comprehension:
- Describe the firms understanding of the provided scope of work and objectives stated by the City of Hughson. Provide a description of project team’s approach and understanding of issues that could arise during project work. Highlight any unique aspects of the project that should be taken into consideration and provide a preliminary schedule. **(30% of Total Evaluation Score)**
- f. Proposed fees for the project
- Provide a list of all fees to be charged including an estimate of any travel related charges. Include any contingency fees. **(10% of Total Evaluation Score).**

SELECTION PROCESS

The Firm chosen for this project shall demonstrate a complete and thorough understanding of the technical and non-technical issues to be addressed during this project. The Firm shall demonstrate sufficient resources to complete the project.

Written proposals will be evaluated utilizing the scoring criteria under the “Written Proposal Requirements” on page 9. The City reserves the right to conduct interviews to determine the most qualified firm. The scoring criteria for interviews will be the same used for scoring the written proposal. The City reserves the right to choose a Firm only utilizing the written proposals.

Fee proposal outlining the estimated level of effort, hourly rates and projected costs shall be submitted separately in a sealed envelope. The City will negotiate costs with the Firm that is deemed the most qualified after the evaluation process. If the City and Firm are unable to reach an agreement with costs and scope of services, the City will attempt negotiations with the Firm finishing next highest in the evaluation process. This process will repeat until an agreement can be reached between the City and Firm.

The Firm shall be experienced in all aspects of a project of this nature. Incomplete proposals will not be accepted. Questions and clarifications regarding the Request for Proposal must be submitted in writing to the City of Hughson.

The City of Hughson reserves the right to reject any and all proposals, modify the scope of work or services, if necessary, withhold award of contract for any reason, waive or decline any technicalities or irregularities in any proposal, and required additional written

and/or verbal presentations, if necessary. Project specific insurance provisions and a standard City of Hughson professional services contract (ATTACHMENT A) are available for review.

PROPOSAL INQUIRIES:

Any general inquiries should be directed to:

Ashton Gose, Executive Assistant/City Clerk
Phone: 209.883.4054
Fax: 209.883.2638
Email: agose@hughson.org
Website: www.hughson.org

TENTATIVE SCHEDULE:

Release of RFP:	January 8, 2024
Proposals Due:	February 2, 2024
Review of Proposals	February 2024
Firm Interviews:	February/March 2024
Final Selection:	March 2024

ADDITIONAL TERMS AND CONDITIONS

Cost of Preparation of Proposal and Contract

The City of Hughson shall not pay costs incurred in the proposal preparation, printing, demonstration process, or contract negotiation. All such costs shall be borne by the firm and/or team.

Rights to Pertinent Materials

All responses, inquiries, and correspondence relating to the Request For Proposal and all reports, charts, coverage maps, displays, exhibits, and other documentation produced by the firm and/or team are submitted as part of the proposal shall become the property of the City of Hughson after the proposal submission deadline and subject to the Public Records Act in Chapter 3.5 of Division 7 of Title 1 of the Government Code upon the award of a contract.

Award

The City of Hughson reserves the right to award this contract to the firm and/or team whose total aggregate proposal is most responsive to the needs of the City. An evaluation of the firm and/or team’s ability, quality, and performance on previous or current contracts will be used in addition to the rate schedule as a basis of award for any resultant contract.

SIGNATURE PAGE

Name of Firm and/or team: _____

Address: _____

Telephone: _____

E-mail Address: _____

Type or Print Name and Title

Signature

ATTACHMENT A

(MASTER PROFESSIONAL SERVICES AGREEMENT)

LINK TO PROFESSIONAL SERVICE AGREEMENT

<https://www.cityofhughsonca.gov/media/2776>